

**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Notice of Inquiry Re: Competitive Market  
Initiatives )  
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D.T.E. 01-54 (Phase II)

**REPLY COMMENTS OF SIEMENS BUILDING TECHNOLOGIES, INC.**

Submitted by:

Eric J. Krathwohl, Esq.  
Rich May, P.C.  
176 Federal Street, 6th Floor  
Boston, MA 02110-2223

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**I. INTRODUCTION**

Pursuant to the Hearing Officer's Memorandum, dated December 11, 2001, Siemens Building Technologies, Inc. ("Siemens Building Technologies" or "SBT") respectfully files its comments on the issues identified in Phase II of this docket. Siemens Building Technologies, Inc., is the North American affiliate of Zurich-based Siemens Building Technologies, AG, which, in turn, is a subsidiary of Siemens AG, one of the world's largest electrical and electronic engineering firms. Siemens Building Technologies provides the industry's most comprehensive range of cost-effective facility performance solutions for the comfort, life safety, security, energy efficiency and operation of major buildings and complexes worldwide. In North America, Siemens Building Technologies employs 8,000 professionals and provides local service from more than 100 locations coast-to-coast. SBT serves a broad range of customers in the private and public sectors: commercial office buildings, healthcare facilities, high-tech industrial campuses, pharmaceutical plants, educational facilities, airports and stadiums. Through its Energy Procurement Management Services Group, Siemens Building Technologies provides guidance to end-use customers on a supply neutral basis on how to take

best advantage of the development of the new competitive energy marketplace. Over the past several years, Siemens Building Technologies has assisted end-use customers in connection with over \$3 Billion of energy procurement in several markets throughout North America, with a substantial portion in Massachusetts. Siemens Building Technologies is encouraged by the developing marketplace and commends the Department for taking further initiatives to seek to reduce barriers to further development of the retail competitive electric markets. Siemens Building Technologies appreciates the opportunity to submit these comments.

## **II. COMMENTS ON PHASE II ISSUES**

### **A. INITIAL COMMENTS**

The broad agreement by many parties on the identified issues is also encouraging and, in large part, is consistent with the positions of Siemens Building Technologies. At the risk of oversimplification, it appears that there is significant consensus as follows. Regarding participation by electric distribution companies acting as brokers for default service customers or their participation in internet auction processes to assist default customers to moving to competitive supply, most parties agreed for various reasons that this was not a good idea – either because it runs counter to the statutory role of electric distribution companies or because it would improperly influence customer choices and reduce the effectiveness of the market, and efforts of participants in the market. See, Initial Comments of Select Energy, p. 1; Initial Comments of Dominion Retail, Inc., p. 2; Initial Comments of the Attorney General, pp. 2-3; Initial Comments of Western Massachusetts Electric Company, p. 2; Initial Comments of Nstar Electric, pp. 7-8; Initial Comments of AES New Energy *et al.* p. 2. There was also for the

most part, general agreement that the electric distribution companies could and should perform a valuable role in customer education. Commenters had mixed views on the propriety of a requirement that electric distribution companies obtain direct authorizations to switch default customers to competitive suppliers. Some believe that it would constitute an improper burden on electric distribution companies and could impede the market. See, Initial Comments of Western Massachusetts Electric Company, p. 2; Initial Comments of Nstar Electric, pp. 7-8; Initial Comments of AES New Energy *et al.* p. 3. Other commenters viewed such direct authorization as required. See *e.g.*, Initial Comments of the Attorney General. With the exception of the group of marketers jointly commenting, parties generally opposed the assignment of default service customers to competitive suppliers. See, Initial Comments of Select Energy, p. 2; Initial Comments of the Attorney General, pp. 2-3; Initial Comments of Dominion Retail, Inc., p. 2; Initial Comments of Nstar Electric, pp. 8-9. On the customer enrollment issues, Initial Comments showed a considerable divergence of opinion on inclusion of customer account numbers on the Customer Information Lists, but generally there was agreement that the use of the first four characters of the customer's name was not a necessary requirement for successful customer enrollment. See, Initial Comments of Select Energy, p. 3; Initial Comments of Western Massachusetts Electric Company, p. 3; Initial Comments of Nstar Electric, p. 12; Initial Comments of AES New Energy *et al.* p. 9. Regarding the information on the Customer Information Lists, there was significant agreement that the inclusion of information about customer service delivery points would be beneficial. See, Initial Comments of Select Energy, p. 3; Initial Comments of Dominion Retail, Inc., p. 4; Initial Comments of Nstar Electric, pp. 9-10; Initial Comments of AES New Energy *et al.* pp. 10-11. Regarding

identification of customers who receive generation service from competitive suppliers, there was not quite so much support, but a significant portion of the commenters did support the inclusion of that information. Finally, there seemed to be general agreement that the use of the internet to transmit customer data between electric distribution companies and competitive suppliers would be beneficial.

### **III. COMMENTS OF SIEMENS BUILDING TECHNOLOGIES**

As an initial matter, Siemens Building Technologies notes that it strongly supports all reasonable efforts to assist and expedite the development of a vibrant retail electric marketplace. However, it believes that the Department must balance the goal of encouraging development of such competition with due regard for proprietary customer information and customers' rights to make fully and fairly informed decisions regarding their supplier of electricity. Consistent with the scope of its experience, Siemens Building Technologies submits these comments primarily in the context of commercial and industrial customers.

*A. Should electric distribution companies perform the role of electricity brokers for their default service customers?*

*1. Should electric distribution companies participate in Internet-based auction processes to assist the movement of their default service customers to competitive suppliers?*

Siemens Building Technologies strongly urges that electric distribution companies ("EDCs") neither perform the role of electricity brokers for default service customers, nor participate in Internet-based auction processes to assist the movement of default service customers. As noted by the Attorney General, the role of the electric distribution companies is supposed to be moving away from provision of electric supply. As noted by AES New Energy,

Inc. *et al.*, and even some of the electric distribution companies themselves, EDCs should not be active in the marketplace other than to help with customer education. This is particularly the case where EDC activities would overlap with the marketing efforts of competitive suppliers or brokers, or with the actions of customer advisors such as Siemens Building Technologies. Whether or not an EDC intended to direct customers toward one supplier rather than another, EDC actions other than supplier and technology neutral education efforts, could have an inappropriate influence on various customers. That would itself skew the market and lead to something other than what was intended by the Restructuring Act. Brokerage activities by EDCs could indeed put considerable burdens on EDCs that are not appropriate. Further, and very important, particularly with respect to an Internet auction process, there are differences among suppliers other than pure price considerations. Different suppliers may have different terms of service or other contract terms, which may well require a more customer specific review and negotiation than would result from the more general EDC coordination effort suggested. Failure to appreciate such differences in the offerings could prove to be an unpleasant surprise to customers at a later date, if those customers had not been advised fully at the time of enrollment. For example, with a lower price, a customer may be accepting additional risk – even to the point of changing the economics depending on a future contingency. It is not clear that either process involving the EDC would sufficiently cover this critical part of the supply specific analysis and customer education.

3. *Should distribution companies assign default service customers to competitive suppliers?*

EDCs should not assign default service customers to particular competitive suppliers. There is no commenter that supports assignment of such customers in the commercial/industrial

market. Indeed, not only would assignment undermine the policy of customers being able to choose their suppliers, it would undermine the efforts of suppliers to obtain such customers. As described in the prior comment, assignment of customers ignores the differences among suppliers – a critical education/counselling role that is well-filled by SBT and a few similar other entities. Further, the commercial/industrial market has recently gotten a sufficiently good start that artificial means of market stimulus are not needed.

*B. Customer Enrollment:*

- 1. Should customer account numbers be included on the Customer Information Lists? If so, please address how consumer protections against unauthorized enrollments can be maintained if account numbers are included on the Customer Information Lists.*
- 2. Should the first four characters of a customer's account name continue to be required for a successful enrollment of the customer? If so, please address how consumer protections against unauthorized enrollments can be maintained. Should this requirement differ among customer classes?*  
  
*Should electric distribution companies obtain direct authorizations (e.g., via telephone or return post card) to switch default service customers to competitive suppliers?*

Siemens Building Technologies, to date, has not seen sufficient evidence of problems in switching customers to counterbalance the potential for improper “slamming” of customers that could occur if the customer number is placed on the customer information list. Therefore, at this point SBT would side with those who urge that customer numbers remain off the customer information list. Regarding the four character customer code, where a significant consensus is for eliminating this practice, SBT would certainly be supportive, particularly if it would reduce costs and consequently benefit the end-users.

Also, it would appear that sufficient protections against unauthorized switching of customers exist. Therefore, the electric distribution company need not require the added step of

their obtaining a direct authorization to switch a customer – particularly if the suppliers must affirmatively obtain the customer number rather than take it off the generally available list.

*C. Customer Information List issues:*

- 1. Should the Customer Information Lists be expanded to include information about customer service delivery points?*
- 2. Should the Customer Information Lists be expanded to include information about customers who receive generation service from competitive suppliers?*

As noted above, Siemens Building Technologies believes that proprietary customer information must be safeguarded. However, information about where a customer's service delivery point is and whether a customer takes service from a competitive supplier are unlikely to harm a customer – particularly where the universe of recipients of that information is limited to prospective suppliers and brokers. Also, both pieces of information are useful to the efficient functioning of the market. Customer delivery point information will assist in the development of a proper supply proposal. Information regarding whether a customer currently takes competitive supply may be useful to market participants to craft presentations and to direct resources. Identity of the customer's competitive supplier, however, is proprietary – both from the perspective of the supplier and the customers – and should not be disclosed, as that could skew proper operation of the market. *See*, Select Energy Initial Comments, p. 3. Therefore, SBT would support inclusion of these two informational items on the Customer Information List, subject to the condition just noted.

*D. Other issues:*

- 1. Should distribution companies use the Internet for the transmission of customer data between the companies and competitive suppliers? Please discuss any benefits and costs of Internet use.*

Siemens Building Technologies supports the use of the internet for transmission of customer data between suppliers and EDCs, on the basis that such an approach is used widely in the gas market with good results and that it should lead to further efficiencies that can benefit end-users. However, particular care should be taken to ensure that such information remains secure.

## **CONCLUSION**

Siemens Building Technologies commends the Department for its efforts, appreciates the opportunity to submit comments and urges the Department to adopt rules consistent with the suggestions noted above.

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